

RICHLAND TOWNSHIP, MISSAUKEE COUNTY

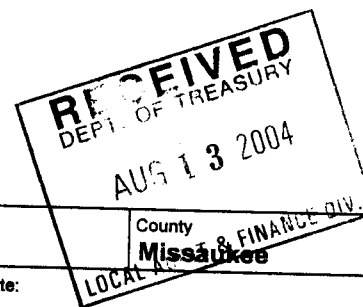
MCBAIN, MICHIGAN

MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Richland Township	
Audit Date 3/31/04	Opinion Date 7/14/04	Date Accountant Report Submitted to State: 7-23-04	
		County Missaukee	



We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Baird, Cotter and Bishop, P.C.			
Street Address 134 W. Harris Street		City Cadillac	State MI
Accountant Signature 		ZIP 49601	Date 7/24/04

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

MARCH 31, 2004

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RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

MARCH 31, 2004

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M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

Baird, Cotter and Bishop, P.C.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

July 14, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board
Richland Township
Missaukee County
McBain, Michigan

We have audited the accompanying general-purpose financial statements of Richland Township, Missaukee County, McBain, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I.B, the township's policy is to prepare its general-purpose financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances and general fixed asset balances of Richland Township, Missaukee County, McBain, Michigan as of March 31, 2004, and the cash receipts it received and cash disbursements it paid and changes in general fixed assets for the year then ended on the basis of accounting described in Note I.B.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P. C.

Baird, Cotter and Bishop, P.C.

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
ALL FUND TYPES AND ACCOUNT GROUP

MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>FIDUCIARY</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>FUND TYPE AGENCY</u>
<u>ASSETS</u>			
Cash			
Money Market Account	\$ 205,424	\$ 28,971	\$ 0
Taxes Receivable	3,519	2,580	0
Land	0	0	0
Land Improvements	0	0	0
Buildings	0	0	0
Furniture and Equipment	0	0	0
TOTAL ASSETS	\$ 208,943	\$ 31,551	\$ 0
<u>LIABILITIES AND EQUITY</u>			
<u>LIABILITIES</u>			
Deferred Revenue	\$ 3,519	\$ 2,580	\$ 0
Payroll Withholdings	575	0	0
Total Liabilities	\$ 4,094	\$ 2,580	\$ 0
<u>BALANCE AND OTHER CREDITS</u>			
Investment in General Fixed Assets	\$ 0	\$ 0	\$ 0
Balance			
Unreserved	204,849	28,971	0
Total Balance and Other Credits	\$ 204,849	\$ 28,971	\$ 0
TOTAL LIABILITIES AND EQUITY	\$ 208,943	\$ 31,551	\$ 0

EXHIBIT A

ACCOUNT GROUP GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
\$ 0	\$ 234,395
0	6,099
12,820	12,820
24,114	24,114
55,630	55,630
6,982	6,982
<u>\$ 99,546</u>	<u>\$ 340,040</u>
\$ 0	\$ 6,099
0	575
<u>\$ 0</u>	<u>\$ 6,674</u>
\$ 99,546	\$ 99,546
0	233,820
<u>\$ 99,546</u>	<u>\$ 333,366</u>
<u>\$ 99,546</u>	<u>\$ 340,040</u>

The accompanying notes are an integral part of these financial statement

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTALS</u> <u>(MEMORANDUM</u> <u>ONLY)</u>
	<u>GENERAL</u>	<u>SPECIAL</u> <u>REVENUE</u>	
<u>RECEIPTS</u>			
Taxes	\$ 46,438	\$ 31,656	\$ 78,094
State Grants	103,707	0	103,707
Charges for Services	2,945	0	2,945
Interest and Rents	885	0	885
Other Receipts	179	0	179
Total Receipts	\$ 154,154	\$ 31,656	\$ 185,810
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 5,098	\$ 0	\$ 5,098
General Government			
Supervisor	3,769	0	3,769
Assessor	14,054	0	14,054
Clerk	6,738	0	6,738
Board of Review	552	0	552
Treasurer	11,562	0	11,562
Building and Grounds	1,805	0	1,805
Cemetery	4,961	0	4,961
Public Safety	85,500	0	85,500
Public Works	36,147	32,460	68,607
Public Improvement	16,939	0	16,939
Recreation	827	0	827
Other Functions	5,313	0	5,313
Total Disbursements	\$ 193,265	\$ 32,460	\$ 225,725
Excess of Receipts Over (Under) Disbursements	\$ (39,111)	\$ (804)	\$ (39,915)
<u>BALANCE - April 1, 2003</u>	243,960	29,775	273,735
<u>BALANCE - March 31, 2004</u>	\$ 204,849	\$ 28,971	\$ 233,820

The accompanying notes are an integral part of these financial statements.

EXHIBIT C

SPECIAL REVENUE FUND

BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
\$ 33,000	\$ 31,656	\$ (1,344)
0	0	0
0	0	0
0	0	0
0	0	0
\$ 33,000	\$ 31,656	\$ (1,344)
\$ 0	\$ 0	\$ 0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
62,775	32,460	30,315
0	0	0
0	0	0
0	0	0
\$ 62,775	\$ 32,460	\$ 30,315
\$ (29,775)	\$ (804)	\$ 28,971
29,775	29,775	0
\$ 0	\$ 28,971	\$ 28,971

The accompanying notes are an integral part of these financial statements.

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Richland Township is a general law township located in Missaukee County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Township has no long-term debts which would be recorded in the general long-term debt account group.

The Township has the following fund types and account group:

Governmental funds are used to account for the Township's general government activities. The Township uses the flow of economic resources measurement focus and the modified cash basis of accounting for this fund which is an other comprehensive basis of accounting (OCBOA). Under the modified cash basis of accounting, revenues are recognized when collected (i.e., when cash is received). Expenditures are recorded when cash is disbursed.

Governmental funds include the following fund type:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than special assessments, or major capital projects) that are legally restricted to expenditures for specified purposes.

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the township makes and distributes for others in an agency capacity.

Account Group. The General Fixed Asset Account Group is used to account for fixed assets of the Township.

C. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

Pursuant to the Township's investment policy adopted on September 15, 1998, the Township Board authorized the Township Treasurer to invest funds as follows:

- a. In bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guarantee by the United States. This subdivision shall include securities issued or guaranteed by the government national mortgage association;
- b. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union meeting all criteria as a depository of public funds contained in state law;
- c. In commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time;

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

- d. In United States government or federal agency obligation repurchase agreements;
 - e. In bankers' acceptances of United States banks;
 - f. In mutual funds composed of invested vehicles that are legal for direct investment by local units of government in Michigan;
 - g. In obligations permitted by PA 20 of 1943, as amended by PA 196, if purchased through an interlocal agreement under the Urban Cooperation Act of 1967;
 - h. In investment pools organized under the Surplus Funds Investment Pool Act, PA 367 of 1982 or,
 - i. In investment pools organized under the Local Government Investment Pool Act, PA 121 of 1985.
2. Receivables and Payables

Under the modified cash basis of accounting, the only noncash asset recorded is a receivable for uncollected property taxes. This receivable is entirely offset by a deferred revenue liability account so that income is only recognized when cash is received. The only other liabilities recognized are for unremitted payroll tax withholdings.

3. Fixed Assets

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

4. Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

5. Use of Estimates

This presentation of financial statements on the modified cash basis of accounting requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budget is adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on March 16, 2003, or as amended by the Township Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

A total of \$134,588 of the Township's \$234,588 of total investments and deposits are in accounts which exceed the Federal depository insurance of \$100,000 and are also uncollateralized. At year-end the carrying amount of the Township's deposits and investments was \$234,395 and the bank balance was \$234,588.

The Township's deposits and investments at year-end are shown below:

	GENERAL FUND	ROAD FUND	TAX COLLECTION FUND
Chemical Bank West Lake City, Michigan Money Market Accounts	\$ 205,424	\$ 28,971	\$ 0

B. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land	\$ 12,820	\$ 0	\$ 0	\$ 12,820
Land Improvements	24,114	0	0	24,114
Buildings	55,630	0	0	55,630
Furniture and Equipment	6,383	599	0	6,982
TOTAL	\$ 98,947	\$ 599	\$ 0	\$ 99,546

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

IV. OTHER INFORMATION

A. Property Taxes

The Township levied 1.3454 mills in tax on a taxable value of \$32,035,230 on the 2003 tax roll. In addition, the Township levied .9864 mill for road improvement.

Properties are assessed January 1, and the related property taxes become a lien on December 1 of the same year. Taxes are due and payable to the township treasurer on or before February 28. After February 28, the property taxes are payable to the Missaukee County Treasurer. Property taxes levied December 1 which are collected prior to the end of the fiscal year are recognized as income in the year in which they are levied. The Township's portion of delinquent property taxes receivable is recognized as an asset. The taxes receivable are also recorded as deferred revenue and the tax collections are recorded as cash receipts when collected.

B. Interest Income and Expense

For the year ended March 31, 2004, interest income and expense was as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 460	\$ 0

C. Joint Fire District

The Township is a member of the McBain Community Fire Department. The Fire Department is a joint venture of Richland Township, Riverside Township and the City of McBain. The Township's assessment for support of the Fire Department for 2003-2004 was \$8,000. Also, on October 1, 2003, the Township paid an additional assessment of \$2,500 to cover Fire Department building rent. Additionally, the Township paid the Fire Department \$91,939 to help purchase a new fire truck.

The City of McBain, as the headquarters unit, maintains the financial records of the Fire Department. The following financial information was taken from the City of McBain's comprehensive annual financial report dated April 30, 2003.

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

McBain Community Fire Department

Total Assets		
Total Liabilities	\$	4,852
Fund Balance - Unreserved		433
Total Revenues		4,419
Total Expenditures		17,039
Other Financing Sources		25,524
Net Increase (Decrease) in Fund Balance		8,000
		(485)

A copy of the City of McBain's audited financial statements may be obtained upon request from the City's treasurer.

D. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, errors and omissions, and worker's compensation insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continued to carry insurance for other risks of loss, including fidelity bonds.

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

GENERAL FUND
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

MARCH 31, 2004

ASSETS

Cash	
Money Market Account	
Taxes Receivable	\$ 205,424
	3,519
TOTAL ASSETS	\$ 208,943

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	
Payroll Withholdings Payable	\$ 3,519
	575

Total Liabilities \$ 4,094

EQUITY

Balance	
Unreserved	204,849

TOTAL LIABILITIES AND EQUITY \$ 208,943

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

GENERAL FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 43,000	\$ 46,438	\$ 3,438
State Grants	110,700	103,707	(6,993)
Charges for Services	2,075	2,945	870
Interest and Rents	2,100	885	(1,215)
Other Receipts	0	179	179
Total Receipts	\$ 157,875	\$ 154,154	\$ (3,721)
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 5,220	\$ 5,098	\$ 122
General Government			
Supervisor	4,022	3,769	253
Assessor	15,000	14,054	946
Clerk	8,396	6,738	1,658
Board of Review	750	552	198
Treasurer	15,121	11,562	3,559
Building and Grounds	8,500	1,805	6,695
Cemetery	8,500	4,961	3,539
Public Safety	85,500	85,500	0
Public Works	208,300	36,147	172,153
Public Improvement	25,000	16,939	8,061
Recreation	9,000	827	8,173
Other Functions	9,013	5,313	3,700
Total Disbursements	\$ 402,322	\$ 193,265	\$ 209,057
Excess of Receipts Over (Under) Disbursements	\$ (244,447)	\$ (39,111)	\$ 205,336
<u>BALANCE - April 1, 2003</u>	244,447	243,960	(487)
<u>BALANCE - March 31, 2004</u>	\$ 0	\$ 204,849	\$ 204,849

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

GENERAL FUND
ANALYSIS OF CASH RECEIPTS

FOR THE YEAR ENDED MARCH 31, 2004

TAXES

Current Property Taxes	
Delinquent Property Taxes	\$ 39,516
Summer Tax Collection Fees	3,673
Payments in Lieu of Taxes	2,552
Commercial Forest	
Swamp Tax	7
	<u>690</u>

Total Taxes

\$ 46,438

STATE GRANTS

State Revenue Sharing
Sales and Use Tax

103,707

CHARGES FOR SERVICES

Cemetery Burial Fees and Lot Sales	
Dog Licenses	\$ 140
Fire Runs	3
Other Charges for Services	2,000
	<u>802</u>

Total Charges for Services

2,945

INTEREST AND RENTS

Interest Earnings	
Rents	\$ 460
	<u>425</u>

Total Interest and Rents

885

OTHER RECEIPTS

Miscellaneous

179

TOTAL RECEIPTS

\$ 154,154

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

GENERAL FUND
ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages

Per Diem

\$ 692

Other Services and Charges

94

Dues

Printing and Publishing

815

Contracted Services

60

Capital Outlay

2,838

Equipment

599

Total Legislative

\$ 5,098

GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages

Per Diem

\$ 3,722
47

Total Supervisor

\$ 3,769

Assessor

Personal Services

Salaries and Wages

Supplies

\$ 12,432

Office Supplies

714

Other Services and Charges

Contracted Services

908

Total Assessor

14,054

Clerk

Personal Services

Salaries and Wages

Per Diem

\$ 6,396
165

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

GENERAL FUND
ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

Supplies			
Office Supplies			
Other Services and Charges		152	
Clerical			
		<u>25</u>	
Total Clerk			6,738
Board of Review			
Other Services and Charges			
Contracted Services	\$	498	
Printing and Publishing		<u>54</u>	
Total Board of Review			552
Treasurer			
Personal Services			
Salaries and Wages	\$	9,459	
Per Diem		71	
Supplies			
Office Supplies		656	
Other Services and Charges			
Contracted Services		<u>1,376</u>	
Total Treasurer			11,562
Building and Grounds			
Other Services and Charges			
Contracted Services	\$	379	
Public Utilities		<u>1,426</u>	
Total Building and Grounds			1,805
Cemetery			
Other Services and Charges			
Contracted Services	\$	4,677	
Public Utilities		84	
Repairs and Maintenance		<u>200</u>	
Total Cemetery			<u>4,961</u>
Total General Government			43,441

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

GENERAL FUND
ANALYSIS OF CASH DISBURSEMENTS

FOR THE YEAR ENDED MARCH 31, 2004

PUBLIC SAFETY

Fire Protection

Other Services and Charges

Aid to Other Government

85,500

PUBLIC WORKS

Highways, Streets and Bridges

Other Services and Charges

Contracted Services

Street Lighting

\$ 35,055

Other Services and Charges

Utilities

1,092

Total Public Works

36,147

PUBLIC IMPROVEMENT

Other Services and Charges

Aid to Other Government

16,939

RECREATION AND CULTURAL

Parks

Other Services and Charges

Contracted Services

827

OTHER FUNCTIONS

Insurance and Bonds

Employee Benefits

Medicare and Social Security

\$ 2,811

2,502

Total Other Functions

5,313

TOTAL DISBURSEMENTS

\$ 193,265

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

ROAD FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

MARCH 31, 2004

ASSETS

Cash	
Money Market Account	
Taxes Receivable	\$ 28,971
	<u>2,580</u>
TOTAL ASSETS	<u>31,551</u>

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 2,580
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EQUITY

Balance	
Unreserved	<u>28,971</u>

TOTAL LIABILITIES AND EQUITY	\$ <u>31,551</u>
------------------------------	------------------

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

ROAD FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes			
Current Property Taxes	\$ 30,000	\$ 28,971	\$ (1,029)
Delinquent Property Taxes	3,000	2,685	(315)
Total Receipts	\$ 33,000	\$ 31,656	\$ (1,344)
<u>DISBURSEMENTS</u>			
Public Works			
Highways, Streets and Bridges			
Other Services and Charges			
Contracted Services	62,775	32,460	30,315
Excess of Receipts Over (Under) Disbursements	\$ (29,775)	\$ (804)	\$ 28,971
<u>BALANCE - April 1, 2003</u>	29,775	29,775	0
<u>BALANCE - March 31, 2004</u>	\$ 0	\$ 28,971	\$ 28,971

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

CURRENT TAX COLLECTION FUND
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

MARCH 31, 2004

ASSETS

Cash

\$ 0

EQUITY

Balance
Unreserved

\$ 0

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Current Tax Collections		
Delinquent Tax Collections	\$	854,432
Commercial Forest Reserve		2,827
Penalties and Interest		69
Dog License Fees		481
Overcollections from Taxpayers		95
		<u>2,147</u>

Total Receipts

\$ 860,051

DISBURSEMENTS

Payments to County Treasurer		
Current Tax	\$	205,346
Current Tax - State Education Tax		154,154
Delinquent Tax		824
Penalties and Interest		471
Commercial Forest Reserve		69
Dog License Fees		92
		<u>360,956</u>
Payments to Township Treasurer		
Current Tax		
Operating	\$	39,516
Roads		28,971
Delinquent Tax		
Operating		86
Roads		63
Penalties and Interest		10
Dog License Fees		3
		<u>68,649</u>
Payments to School Treasurer		
Current Tax		
McBain Rural Agricultural School	\$	250,193
Delinquent Tax		
McBain Rural Agricultural School		<u>1,474</u>
		251,667

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

FOR THE YEAR ENDED MARCH 31, 2004

Payments to Intermediate School Treasurer			
Current Tax			
Wexford-Missaukee	\$	176,252	
Delinquent Tax			
Wexford-Missaukee		<u>380</u>	176,632
Refund to Taxpayers for Overcollections			<u>2,147</u>
Total Disbursements			\$ <u>860,051</u>
Excess of Receipts Over (Under) Disbursements			\$ 0
<u>BALANCE</u> - April 1, 2003			<u>0</u>
<u>BALANCE</u> - March 31, 2004			\$ <u><u>0</u></u>

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS

FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/01/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land	\$ 12,820	\$ 0	\$ 0	\$ 12,820
Land Improvements	24,114	0	0	24,114
Buildings	55,630	0	0	55,630
Furniture and Equipment	6,383	599	0	6,982
	<u>\$ 98,947</u>	<u>\$ 599</u>	<u>\$ 0</u>	<u>\$ 99,546</u>
<u>INVESTMENT IN GENERAL FIXED ASSETS</u>	<u>\$ 98,947</u>	<u>\$ 599</u>	<u>\$ 0</u>	<u>\$ 99,546</u>

RICHLAND TOWNSHIP, MISSAUKEE COUNTY
MCBAIN, MICHIGAN

STATEMENT OF 2003 TAX ROLL
MARCH 31, 2004

TAXES ASSESSED

County	\$	223,635	
County - State Education Tax		159,953	
Township			
Operating		43,036	
Roads		31,551	
School			
McBain Rural Agricultural School		269,738	
Intermediate			
Wexford-Missaukee		191,950	\$ 919,863

TAXES COLLECTED

County	\$	205,346	
County - State Education Tax		154,154	
Township			
Operating		39,516	
Roads		28,971	
School			
McBain Rural Agricultural School		250,193	
Intermediate			
Wexford-Missaukee		176,252	854,432

TAXES RETURNED DELINQUENT

County	\$	18,289	
County - State Education Tax		5,799	
Township			
Operating		3,520	
Roads		2,580	
School			
McBain Rural Agricultural School		19,545	
Intermediate			
Wexford-Missaukee		15,698	\$ 65,431

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

July 14, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Richland Township
Missaukee County
McBain, Michigan

During the course of our audit of the general-purpose financial statements of Richland Township for the year ended March 31, 2004, we noted the following items:

Budgeting

The Township did a good job of complying with Michigan Public Act 621 of 1978, "The Uniform Budgeting and Accounting Act."

Road Fund

The Township is levying taxes for road improvements. This special purpose levy requires that a new fund be set up to account for these monies. Tax receipts from this millage should be accounted for separate from the general fund, as well as any expenditures of this tax levy. This is a repeat comment from two years ago. We are available to assist the Township in complying with this requirement if desired.

Government Accounting Standards Board (GASB) Statement 34

GASB has issued its new financial accounting model for governmental entities. This pronouncement will become effective for Richland Township for its fiscal year ending March 31, 2005. The most significant change will be the requirement to report cost and depreciation information for fixed assets such as buildings and equipment. We are available to advise you on how to proceed with this project, and what the Michigan Department of Treasury will require for Township's relating to GASB 34.

We would like to thank the board for its continued confidence in our firm and thank the township clerk and treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

Very truly yours,

BAIRD, COTTER AND BISHOP, P. C.

Baird, Cotter and Bishop, P.C.

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
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Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

July 14, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Richland Township
Missaukee County
McBain, Michigan

In planning and performing our audit of the general-purpose financial statements of Richland Township, Missaukee County, McBain, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

Very truly yours,

BAIRD, COTTER AND BISHOP, P. C.

Baird, Cotter and Bishop P.C.